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Kim Johansen Holding A/S

Geminivej 10
2670 Greve
Central Business Registration No 25454367

Annual report 2016

The Annual General Meeting adopted the annual report on 16.05.2017

Chairman of the General Meeting

Name: Niels Gade

Contents

Entity details

Entity
Kim Johansen Holding A/S
Geminivej 10
2670 Greve

Central Business Registration No: 25454367
Registered in: Greve
Financial year: 01.01.2016 - 31.12.2016

Phone: +4543959300
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Board of Directors
Niels Gade, chairman
Kim Leidersdorff Johansen, ceo
Bo Dencker

Executive Board
Kim Leidersdorff Johansen, ceo

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Ndr. Ringgade 70A
4200 Slagelse

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kim Johansen Holding A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Greve, 16.05.2017

Executive Board

Kim Leidersdorff Johansen
ceo

Board of Directors

Niels Gade	Kim Leidersdorff Johansen	Bo Dencker
chairman	ceo	

Independent auditor's report

To the shareholders of Kim Johansen Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kim Johansen Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Slagelse, 16.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jens Jørgen Bay Simonsen
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	464.250	476.494	559.870	593.546	597.267
Gross profit/loss	47.018	41.671	62.379	69.522	72.323
Operating profit/loss	9.140	5.233	9.446	9.165	7.459
Net financials	(5.490)	(8.004)	(8.930)	(8.903)	(9.001)
Profit/loss for the year	2.392	(3.101)	503	41	(1.675)
Total assets	226.312	252.751	284.887	322.948	341.967
Investments in property, plant and equipment	1.767	21.221	22.041	30.119	82.369
Equity	30.146	27.890	31.048	30.952	31.462
Average invested capital incl goodwill	153.112	183.888	188.657	213.988	216.250
Interest bearing debt, net	100.645	125.014	131.762	165.698	181.374
Ratios					
Gross margin (%)	10,1	8,7	11,1	11,7	12,1
Net margin (%)	0,5	(0,7)	0,1	0,0	(0,3)
Return on invested capital incl goodwill (%)	6,0	3,1	5,0	4,3	3,4
Revenue invested capital incl goodwill	3,0	2,9	3,0	2,8	2,8
Financial gearing (%)	3,3	4,5	4,2	5,4	5,8
Return on equity (%)	8,2	(10,5)	1,6	0,1	(5,2)
Equity ratio (%)	13,3	11,0	10,9	9,6	9,2
EBITA-margin (%)	2,0	1,1	1,7	1,5	1,2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on invested capital incl goodwill (%)	EBITA x 100 / Average invested capital incl goodwill	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	Revenue / Average invested capital incl goodwill	Turnover rate of capital employed by the entity.
Financial gearing	Interest bearing debt, net / Equity	The entity's financial gearing.
Return on equity (%)	Profit/loss for the year x 100 / Average equity	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.
EBITA-margin (%)	EBITA x 100 / Total assets	Operational profitability of the Entity

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and and long-term operating liabilities.

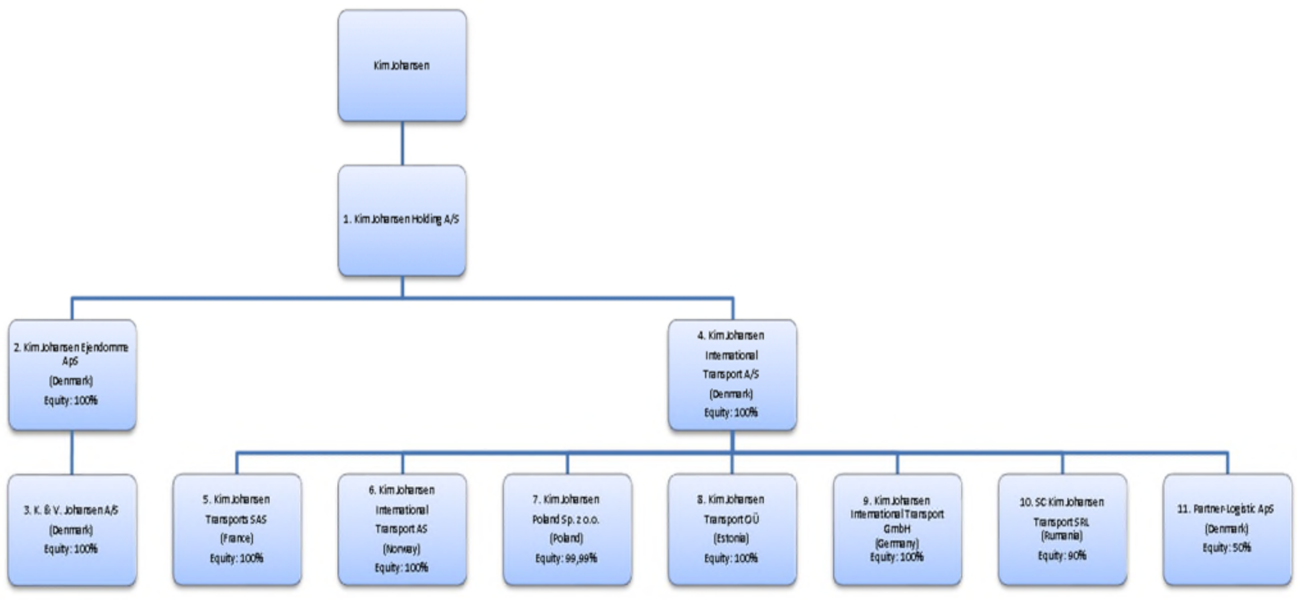
Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital. Net interest-bearing debt is defined as interest-bearing liabilities, including cash.

Management commentary

Primary activities

The Group's activity is to provide transport services and solutions to customers in Europe. The Group mostly specialized in the transportation of time-sensitive goods using a traffic and service setup which is very different from that of other transport companies and which is unique in the European transport market. The Group is the Scandinavian market leader of this segment.

Group Chart



Development in activities and finances

Profit before tax for the year totals DKK 3,650k and profit after tax totals DKK 2.392k. The Group's equity at December 31st 2016 totals DKK 30,146k.

International transports within Europe are still influenced by fierce price competition, which requires optimal traffic management as well as simple and efficient structuring.

In 2016 the Group has realized a slightly lower activity level due to some adjustments to the market conditions. Furthermore, the turnover is affected by the low oil price level in 2016 as prices on the transport market are adjusted to this level.

The process of adjusting cost to the activity level and efficiency improvements has been continued in order to retain the level of earnings for the entire business.

Due to the result of these continuously improvements, financial performance for the year is considered acceptable by Management.

Management commentary

Outlook

Based on the already implemented initiatives and the continuously process for establishing a stable and profitable platform, Management expects improved financial performance for 2017.

Special risks

The Group is not considered to be exposed to special risks aside from those assessed as ordinary for this industry.

Further, the Group is not considered particularly exposed to financial risks as most of its revenue, purchases and funding is in Danish kroner or euro.

Some of the Group's interest-bearing liabilities carry fixed interest whereas others carry variable interest.

CSR reporting

CSR Policies

Due to an increasing demand for business transparency and focus on CSR activities, the Group has incorporated policies on following areas: environment and climate, staff conditions and labor rights, human rights and anti-corruption and business ethics. Effort is made on a continuous basis to review and update these policies to meet the needs of the stakeholders and to respond to changes in laws and regulations. Every second year, a specific CSR Report is made and published on our homepage. For any further information we refer to this CSR Report.

Environment and Climate

Since 2012 the focus of the Group has been set on reduction of environmental footprint. Therefore, more attention has been paid to accounting, reporting and reducing the amount of heat trapping gasses.

To achieve these goals several projects have been started, resulting in reduction of CO2 per 100 km driven by 12% since 2012. A goal has been set to show further reduction of 2% in emission by the end of 2017.
As part of achieving the goal, in 2016 the Entity has continued training drivers in eco-driving techniques, which focusses on a choice of correct acceleration and breaking patterns, as well as reduction of unnecessary idling. Eco-driving techniques have been proven to improve efficiency and thus reduce the amount of heat trapping gasses released into atmosphere. Correct speeding and breaking patterns reduce the risk of accidents and thus potential spillage of hazardous chemicals. The ongoing aim is and has been set to move 80% of the new employed drivers performing under the general level. This gives a very important attention to the focus area.

To raise general awareness of environmental and climate issues in administrative offices, a Green Ambassador Project has been started in 2016, and the recycling of waste produced in the workshops has been the

Management commentary

environmental policy of the Group. It is our belief that these initiatives have resulted in a stronger environmental awareness among the employees and the project will continue in 2017, where more accurate measuring will be done.

Furthermore, the Entity is committed to maintaining its trucks and trailers in a good technical condition and to renewing the fleet on a constant basis while remaining aware of the need to promote sustainability. In 2016 in total 46 new EURO6 trucks have been bought, resulting in a more efficient fleet.

Staff Conditions, Labor and Human Rights

The Group strives to support and respect human rights, and it supports the fundamental labor principles that protect workers` rights. Consequently, employees are hired on a contractual basis and are socially insured and entitled to social security benefits.

At the end of 2015 the Kim Johansen International Transport A/S has been once more evaluated by the French agency EcoVadis on parameters like: Environment, Labor Practices, Fair Business Practices and Sustainable Procurement with aim to improve the practices in sustainability. The highest possible rating –gold yet again confirmed the CSR engagement. The entity has committed to publishing report on CSR issues every two years. Therefore, the new rating will be done by EcoVadis in 2017.

In respect of the different cultural background of the employees and the international business of the Group, all the employees are trained to acknowledge the internal values of the Group during the introduction training. If any employee believes that someone is violating the Human Rights Policy or the law, they are asked to report it immediately to their manager or human resources. All the employees are provided with work phones, which they can use to communicate their concerns or to reach the 24/7 Service Desk set up to assist drivers. There were no human rights violations reported in 2016.

The Group strives to ensure good working conditions and safe and healthy workplace. All the drivers are instructed and expected to follow safety guidelines as well as expected to use safety clothing and equipment provided to them. A professional following up on the driving and resting hours of the drivers has been hired to ensure that no serious violations of the driving resting hours are made. The Group has strict anti-alcohol policy. The contracts of employees using or transporting alcohol beverages are terminated immediately.

The goal has been set to assure that drivers have access to facilities where they can rest and spend their time outside the working hours. The facilities are continuously renovated and improved. With consideration of the sedentary life style of the drivers, a project has been established in 2016 making exercising facilities available for drivers in Charles de Gaulle airport. If that proves to be successful, more exercising facilities will be considered.

These efforts are all helping moving the work environment of the Group in the right direction.

Management commentary

Anti-corruption Practices and Business Ethics

The Group is committed to conducting business in an ethical manner and in full compliance with all the applicable laws. By means of constructive dialogue with drivers, administrative employees and other stakeholders, the Group strives to ensure that no bribes are accepted or offered and no employees are engaged in theft, fraud or anti-competitive behaviour.

In 2016, 387 new drivers have been trained in business ethics and anti-corruption and anti-bribery practices. Special focus has been set on situation in Calais, where illegal emigrants have been reported accessing trucks and offering bribes to drivers to enter United Kingdom.

The Group encourages its employees to report any suspicious or questionable cases to their managers.

Diversity

The gender ratio for the Board of Directors in Kim Johansen Holding A/S accounts for 0/100 women and men accordingly. The goal for reaching a 40/60 ratio has been set with deadline in 2022, considering the low turnover rate in managerial positions. No changes in the board members have been made the last year.

In a business with a high general level of male employees, it is our focus also to stimulate, maintain and employ female talents in all levels of the organization based on their skills and expertise only. Among other things we evaluate the possibilities for more managerial responsibility with all employees on an ongoing basis. The gender ratio for the Management Group in Kim Johansen Holding A/S accounts in 2016 for 10/90 women and men accordingly. The goal has been to maintain this level and the focus is on reaching a level of 20/80 in future changes of the Management Group.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	464.250	476.494
Production costs	3, 4	(417.232)	(434.823)
Gross profit/loss		**47.018**	**41.671**
Administrative costs	2, 3, 4	(40.433)	(37.355)
Other operating income		2.600	1.083
Other operating expenses		(45)	(166)
Operating profit/loss		**9.140**	**5.233**
Other financial income		77	133
Other financial expenses		(5.567)	(8.137)
Profit/loss before tax		**3.650**	**(2.771)**
Tax on profit/loss for the year	5	(1.258)	(330)
Profit/loss for the year	6	**2.392**	**(3.101)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Land and buildings		57.308	58.405
Plant and machinery		70.435	95.928
Other fixtures and fittings, tools and equipment		2.200	4.238
Leasehold improvements		711	887
Property, plant and equipment	7	**130.654**	**159.458**
Investments in associates		63	63
Fixed asset investments	8	**63**	**63**
Fixed assets		**130.717**	**159.521**
Raw materials and consumables		3.260	3.956
Inventories		**3.260**	**3.956**
Trade receivables		69.620	66.669
Other receivables		11.187	12.399
Prepayments		9.014	6.996
Receivables		**89.821**	**86.064**
Cash	10	**2.514**	**3.210**
Current assets		**95.595**	**93.230**
Assets		**226.312**	**252.751**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		6.000	6.000
Revaluation reserve		1.427	1.427
Retained earnings		22.719	20.463
Equity		**30.146**	**27.890**
Deferred tax	11	9.699	8.793
Provisions		**9.699**	**8.793**
Mortgage debts		28.602	31.390
Bank loans		5.961	6.412
Finance lease liabilities		24.327	40.280
Other payables		5.584	5.105
Non-current liabilities other than provisions	12	**64.474**	**83.187**
Current portion of long-term liabilities other than provisions	12	22.189	35.034
Bank loans		16.496	10.012
Trade payables		64.482	64.388
Payables to associates		3.478	3.215
Income tax payable		202	201
Other payables		15.146	20.031
Current liabilities other than provisions		**121.993**	**132.881**
Liabilities other than provisions		**186.467**	**216.068**
Equity and liabilities		**226.312**	**252.751**
Associates	9		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Revaluation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	6.000	1.427	20.463	27.890
Exchange rate adjustments	0	0	(136)	(136)
Profit/loss for the year	0	0	2.392	2.392
Equity end of year	**6.000**	**1.427**	**22.719**	**30.146**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		9.140	5.233
Amortisation, depreciation and impairment losses		22.494	27.469
Working capital changes	13	(7.308)	(4.043)
Cash flow from ordinary operating activities		**24.326**	**28.659**
Financial income received		77	133
Financial income paid		(5.567)	(8.048)
Income taxes refunded/(paid)		(395)	(9)
Cash flows from operating activities		**18.441**	**20.735**
Acquisition etc of property, plant and equipment		(1.765)	(21.221)
Sale of property, plant and equipment		7.722	18.655
Acquisition of fixed asset investments		(28)	(63)
Sale of fixed asset investments		0	5
Cash flows from investing activities		**5.929**	**(2.624)**
Loans raised		623	19.169
Instalments on loans etc		(32.173)	(48.817)
Cash flows from financing activities		**(31.550)**	**(29.648)**
Increase/decrease in cash and cash equivalents		**(7.180)**	**(11.537)**
Cash and cash equivalents beginning of year		(6.802)	4.735
Cash and cash equivalents end of year		**(13.982)**	**(6.802)**
Cash and cash equivalents at year-end are composed of:			
Cash		2.514	3.210
Short-term debt to banks		(16.496)	(10.012)
Cash and cash equivalents end of year		**(13.982)**	**(6.802)**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Revenue		
Denmark	370	1.321
Other Countries	463.880	475.173
	464.250	**476.494**

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	624	660
Other assurance engagements	18	12
Tax services	123	239
Other services	161	272
	926	**1.183**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	98.623	99.718
Pension costs	2.123	2.067
Other social security costs	15.831	14.873
	116.577	**116.658**
Average number of employees	**594**	**626**

	Remunera-tion of manage-ment 2016 DKK'000	Remunera-tion of manage-ment 2015 DKK'000
Total amount for management categories	1.916	1.932
	1.916	**1.932**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation on property, plant and equipment	24.554	29.585
Profit/loss from sale of intangible assets and property, plant and equipment	(2.060)	(2.116)
	22.494	**27.469**

Total depreciation is recognized at DKK 20,084k of the Group's production costs (2015: DKK 23,832k) and DKK 2,410k in the Group's administrative expenses (2015: DKK 3,637k), respectively.

	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	314	316
Change in deferred tax for the year	947	(770)
Adjustment concerning previous years	(3)	784
	1.258	**330**

	2016 DKK'000	2015 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	2.392	(3.101)
	2.392	**(3.101)**

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
7. Property, plant and equipment				
Cost beginning of year	65.823	188.686	21.377	2.054
Transfers	0	(322)	(18)	(41)
Additions	0	1.315	234	218
Disposals	0	(29.853)	(175)	(411)
Cost end of year	**65.823**	**159.826**	**21.418**	**1.820**
Revaluations beginning of year	1.903	0	0	0
Revaluations end of year	**1.903**	**0**	**0**	**0**
Depreciation and impairment losses beginning of the year	(9.321)	(92.758)	(17.139)	(1.167)
Transfers	0	146	13	25
Depreciation for the year	(1.097)	(21.047)	(2.215)	(195)
Reversal regarding disposals	0	24.268	123	228
Depreciation and impairment losses end of the year	**(10.418)**	**(89.391)**	**(19.218)**	**(1.109)**
Carrying amount end of year	**57.308**	**70.435**	**2.200**	**711**
Carrying amount if asset had not been revalued	**55.940**	**-**	**-**	**-**
Financial expenses included in carrying amount	**2.951**	**-**	**-**	**-**
Recognised assets not owned by entity	**-**	**55.846**	**1.635**	**-**

	Investments in associates DKK'000
8. Fixed asset investments	
Cost beginning of year	63
Cost end of year	**63**
Carrying amount end of year	**63**

Notes to consolidated financial statements

	Registered in	Equity interest %
9. Associates		
Partner-Logistic ApS	Denmark	50,0

Profit/loss 2015 comprises 2 DKK’000 and the equity comprises 127 DKK’000 as per 31th December 2015.

10. Cash and cash equivalents

Cash and cash equivalents include two escrow accounts with a carrying amount of DKK 1,120k with no right of disposal.

	2016 DKK'000	2015 DKK'000
11. Deferred tax		
Property, plant and equipment	9.028	8.350
Inventories	519	632
Receivables	1.759	1.338
Liabilities other than provisions	(64)	(66)
Tax losses carried forward	(2.716)	(2.631)
Other taxable temporary differences	1.173	1.170
	9.699	**8.793**
Changes during the year		
Beginning of year	8.793	
Recognised in the income statement	906	
End of year	**9.699**	

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
12. Liabilities other than provisions				
Mortgage debts	2.113	1.398	28.602	22.741
Bank loans	877	958	5.961	1.639
Finance lease liabilities	19.176	32.595	24.327	0
Other payables	23	83	5.584	5.584
	22.189	**35.034**	**64.474**	**29.964**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
13. Change in working capital		
Increase/decrease in inventories	697	638
Increase/decrease in receivables	(7.546)	10.008
Increase/decrease in trade payables etc	(459)	(14.777)
Other changes	0	88
	(7.308)	**(4.043)**

14. Unrecognised rental and lease commitments

Operating leases have been entered on trucks, trailers and operating plant etc. for the years 2017 - 2019. Annual payments for operating leases (2017 amounts) are DKK 24,101k (31st December 2015: DKK: 27,888k).

Other annual lease commitments for office and parking are DKK 4,997k (31st December 2015: DKK 5,023k).

Other contractual obligations are DKK 1,593k (31st December 2015: 1,473k).

The Group has entered into other lease commitments of DKK 3,674k (31st December 2015: 4,363k).

15. Contingent liabilities

The Entity is a part in an ongoing tax matter. Based on the company's estimation, a provision has been recognized in the annual report at 31st December 2016, equivalent to the risk expected by the entity.

16. Mortgages and securities

Bank debt and lease liabilities are secured by way of a deposited mortgage deed registered to the mortgagor on plant and machinery.

Bank debt is secured by way of a deposited mortgage deed registered to the mortgagor on land & buildings of DKK 16,600k nominal (31st December 2015: 16,600k).

The carrying amount of mortgaged properties is DKK 55,932k (31st December 2015: 56,986k).

Bank debt is secured by way of floating charge of nominal DKK 30,000k (31st December 2015: DKK 20,000k) on intangible assets and property, plant and equipment, inventories and trade receivables.

Bank debt is secured by deposited shares with a nominal value of NOK 100k in Kim Johansen Norge AS. The carrying amount of nominal 100k shares in Kim Johansen Norge AS is DKK 824k (31st December 2015: DKK 699k)

The Group's bank has provided payment guarantees in respect of suppliers at a total amount of DKK 1,500k (31st December 2015: DKK 1,500k) and Norwegian permits to drive at the amount of NOK 0k (31st December 2015: NOK 1,262k).

Notes to consolidated financial statements

As security for payment guarantees provided by the Group's banker, NOK 0k has been paid into a guarantee cover amount. Carrying amount of guarantee cover amount is DKK 0k (31st December 2015: DKK 973k.)

Bank in France has given a surety in relation with the lease of parking area and with payments for tunnels passing of total EUR 134k (31st December 2015: EUR 134k).

	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
17. Subsidiaries					
Kim Johansen International Transport A/S (without subsidiaries)	Denmark	A/S	100,0	7.937	(283)
Kim Johansen Transport SAS	France	SAS	100,0	7.027	1.121
Kim Johansen International Transport AS	Norway	AS	100,0	2.472	511
Kim Johansen Transport	Estonia	OÜ	100,0	6.629	14
Kim Johansen Poland Sp. Z.o.o	Poland	Z.o.o	100,0	1.939	479
Kim Johansen Transport SRL	Romania	SRL	90,0	(742)	256
Kim Johansen Ejendomme ApS	Denmark	ApS	100,0	2.905	230
K. & V. Johansen A/S	Denmark	A/S	100,0	1.300	196
Kim Johansen International Transport GmbH	Germany	GmbH	100,0	68	(117)

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Administrative costs	1	(45)	(101)
Operating profit/loss		**(45)**	**(101)**
Income from investments in group enterprises		2.407	(2.988)
Other financial income from group enterprises		104	98
Financial expenses from group enterprises		(78)	(137)
Profit/loss before tax		**2.388**	**(3.128)**
Tax on profit/loss for the year	2	4	27
Profit/loss for the year	3	**2.392**	**(3.101)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Investments in group enterprises		29.535	27.464
Fixed asset investments	4	**29.535**	**27.464**
Fixed assets		**29.535**	**27.464**
Receivables from group enterprises		1.590	1.327
Deferred tax		108	105
Receivables		**1.698**	**1.432**
Current assets		**1.698**	**1.432**
Assets		**31.233**	**28.896**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	5	6.000	6.000
Reserve for net revaluation according to the equity method		22.001	19.930
Retained earnings		2.144	1.959
Equity		**30.145**	**27.889**
Payables to group enterprises		1.050	972
Other payables		38	35
Current liabilities other than provisions		**1.088**	**1.007**
Liabilities other than provisions		**1.088**	**1.007**
Equity and liabilities		**31.233**	**28.896**
Contingent liabilities	6		
Mortgages and securities	7		
Related parties with controlling interest	8		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	6.000	19.930	1.959	27.889
Exchange rate adjustments	0	(136)	0	(136)
Profit/loss for the year	0	2.207	185	2.392
Equity end of year	**6.000**	**22.001**	**2.144**	**30.145**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	18	17
Other assurance engagements	18	18
	36	**35**

	2016 DKK'000	2015 DKK'000
2. Tax on profit/loss for the year		
Change in deferred tax for the year	(4)	(27)
	(4)	**(27)**

	2016 DKK'000	2015 DKK'000
3. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	2.207	(4.988)
Retained earnings	185	1.887
	2.392	**(3.101)**

	Investments in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	7.534
Cost end of year	**7.534**
Revaluations beginning of year	19.930
Exchange rate adjustments	(136)
Share of profit/loss for the year	2.407
Dividend	(200)
Revaluations end of year	**22.001**
Carrying amount end of year	**29.535**

	Number	Nominal value DKK'000
5. Contributed capital		
Ordinary shares	6.000	6.000
	6.000	**6.000**

Notes to parent financial statements

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which it serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

7. Mortgages and securities

The Entity has guaranteed operating and financial leases on plant and machinery in Kim Johansen International Transport A/S. Annual payments for operating leases (2017 amounts) are DKK 7.243k (31st December 2015: DKK 8,541k). The included lease commitment is DKK 5.443k at 31st December 2016 (31st December 2015: DKK 13,877k), and the carrying amount of the included plant and machinery is DKK 10.892k at 31st December 2016 (31st December 2015: DKK 17,603k).

The Entity has provided an unlimited absolute guarantee for bank loans raised by Kim Johansen Ejendomme ApS. Bank loans in group enterprises amount to DKK 6.540k (31st December 2015: DKK 7,370k).

8. Related parties with controlling interest

The Entity's related parties consists of the Chief Executive Officer Kim Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France who also is the principal shareholder.

All transactions with related parties have been carried out based on an arm's-length principle.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year. Due to minor changes in the definition of various costs, producition costs and administrative costs have been corrected. The change of classification has also been made in previous years. Financial highligts and ratios have been corrected as well.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ proportionate share of profit or loss is presented as a separate item in Management’s proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Revenue
Revenue from the transport services is recognised in the income statement when the individual drive has commenced prior to the closing of the financial year. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Production costs
Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Administrative costs
Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Parent is jointly taxed with all of its wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Revaluation is based in regular, independent assessments of fair value.

Plant and machinery comprise the Group's trucks and trailers as well as vans and passengers cars.

Plant and machinery and other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment, vans and passenger cars	3-5 years
Other fixtures and fittings, tools and equipment, lifts etc.	20 years
Leasehold improvements	7-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

AInvestments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parant's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parant has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories comprise tyres, spare parts and diesel and are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.